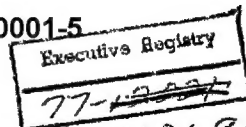


DEC 23 1977



2. NAD

Honorable Robert A. Frosch
Administrator
National Aeronautics and Space
Administration
Washington, D.C. 20546

Dear Bob:

The interpretation in your December 21 letter that "The President decided that an option for a fifth orbiter should be negotiated now...", is not a correct reading of the President's decision. The decision was clearly to support a four orbiter option, with NASA authorized to negotiate an option for an option to proceed with a fifth orbiter. Thus, two decisions would have to be made in the outyears: 1) a decision in the context of the FY 1981 budget on whether to provide additional funds for the option; and 2) a decision then or later to exercise that option.

The President stated his explicit concern that no action be taken that might be interpreted as a possible commitment now by the Government to build a fifth orbiter. The option for a fifth orbiter should be kept open for future Presidential consideration and it is NASA's obligation to assure that no actions, contractual or otherwise, are taken that might tend to pre-empt the President's future decision on a fifth orbiter.

The President's decision on space shuttle orbiters can be summarized as follows: The Administration has reviewed the projected uses of the space shuttle in the 1980's and has concluded that:

- Early transition from expendable launch vehicles to use of the space shuttle for civilian and military purposes should be encouraged with operations from launch sites on both coasts by 1984.
- A total fleet of four operational orbiters will meet civilian and military shuttle flight requirements and funds to proceed with production of a four-orbiter fleet are provided in the NASA budget for FY 1979.
- Additional orbiters can be considered for funding in future years in the event that projected flight rates (or the loss of an orbiter) warrant augmentation of the operational orbiter fleet.

A brief summary of the President's shuttle decision, along the lines outlined above, will be included in the President's budget document.

Finally, the President's 1979 budget and the run-out projections of the NASA program that support the President's budget should not include any future-year allowance for the cost of maintaining orbiter production capability through FY 1983. A decision on whether to maintain such a capability or to go ahead with production of a fifth orbiter can be raised for Presidential consideration and budget decision in FY 1981, or later, as circumstances warrant.

Sincerely,

(signed)

James T. McIntyre, Jr.
Acting Director

cc:
Dr. Harold Brown
Admiral Stansfield Turner ✓
Dr. Frank Press
Dr. Zbigniew Brzezinski

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